

International Energy Agency Annex III Co-operative Procurement of Innovative Technologies for Demand-Side Management

The International Energy Agency (IEA) was established in 1974 as an autonomous agency within the framework of the Economic Co-operation and Development (OECD) to carry out a comprehensive program of energy cooperation among its 25 member countries and the Commission of the European Communities. An important part of IEA's program involves collaboration in the research, development and demonstration of new energy technologies to reduce excessive reliance on imported oil, increase long-term energy security and reduce greenhouse gas emissions. Collaborative programs in the various energy technology areas are conducted under Implementing Agreements, of which there are currently 40 covering fossil fuel technologies, renewable energy technologies, nuclear fusion science and technology, and energy technology information centers.

The Demand Side Management Program (DSM) was initiated in 1993 and involves 17 member countries and the European Commission. Annex III, *Co-operative Procurement of Innovative Technologies for Demand-Side Management*, was initiated in 1994 and involves eight participating countries and the European Commission. The objectives of Annex III are to establish a co-operative demand-pull process to bring more energy-efficient and environmentally-friendly DSM technologies to the marketplace, to rank innovative candidate technologies for competitive procurement activities, and to procure key DSM technologies that have not yet reached the marketplace. A process for collaborative procurement actions for introduction of innovative, energy-efficient products has been developed and tested through a number of pilot projects. The formulation of performance criteria and the creation of mechanisms for recognition are two important elements of this process. Specific subtasks under Annex III include:

- Development of the process
- Technology screening
- Draft specification and pilot procurement of specific technologies
- Buyer group coordination and development
- Procurement actions
- Evaluation and development of "lessons learned"

In many potential technology areas, buyer groups and suppliers are very fragmented. Joint actions among buyers can encourage suppliers to accelerate the market introduction of new technologies already existing in the laboratory, as well as refining existing products already on the market. Suppliers are very cognizant of reducing the risks involved in technology development and strive to fully understand customer needs when developing and refining their products. Cooperative technology procurement helps address these concerns of suppliers as well as helping to meet the needs of buyers thereby accelerating market introduction of innovative, energy-efficient technologies.